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POLICY DIALOGUE PREPARATIONS

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1. (SBU) Summary: Ken Hodgkins, State Department Director for OES Office of Space and Advanced Technology, discussed with European Commission officials U.S. perspectives on the future of GPS and Galileo Cooperation, Europe's next steps in the development of Galileo, and the 2008 U.S.-EU Space Policy Dialogue. European officials delivered the following key messages during the meetings:

-- The Galileo satellite navigation system has been fully approved by both the European Council and the European Parliament, and though the budget and timeline are tight, Galileo should reach full operational capability by the end of 2013. The European Commission will be the owner/sponsor of the program, with oversight by the Council and Parliament, the European Space Agency will act as contractor, and GSA will develop future markets and applications.

-- The U.S. is a key partner in space, and the current strong cooperation on GPS-Galileo and Space Policy should continue and evolve as we move to the future. Specifically, there look to be opportunities for the U.S. and EU to approach global issues, including 3rd country space programs and security topics, with a united front.

-- With the Commission's control of Galileo, China should play no role in the technological or programmatic development of Galileo, and will be relegated to cooperation only on specific Galileo applications to be used in China.

-- The Commission will host the U.S.-EU Space Policy dialogue in April 2008 and will deliver a draft agenda to the U.S. in the first weeks of January. End summary.

2. (U) Director Hodgkins met in Brussels with Fotis Karamitsos, Eero Ailio, and Jeremie Godet from the Commission's Galileo Unit;

Pedro Pedreira, Executive Director of the European GNSS Supervisory Authority (GSA); and Paul Weissenberg and Andras Roboz, from the Commission's Space Policy and Coordination Unit.

Galileo Approved

¶3. (SBU) The European Heads of State formally approved the financing and governance structure of Galileo during the European Council on December 14. This paves the way for full funding through 2013 when Galileo is expected, assuming no further delays, to be at full operational capability. (Comment: Fotis Karamitsos, Director for Logistics, Innovation, Co-modality, and Maritime Transport in the Transport and Energy Directorate, said that the schedule and the funding are very tight, and though he expects that the project can be performed on time and on budget, he implied it is very possible that there will be cost and schedule overruns. End comment.) The Council decision was just a formality, as the European Parliament and the Council meetings of the transport ministers and the finance ministers earlier in December resolved all problems.

¶4. (SBU) A key issue during negotiations was the new governance structure for the development of Galileo. Director Karamitsos

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explained that since the financing is coming from public funds, the Commission will be the owner/sponsor of Galileo and in charge of most major decision making, with the Council and the Parliament in an oversight role. The European Space Agency (ESA) will act as prime contractor and will perform the delegation of how to perform tasks, make calls for tender, and will select companies as contractors. GSA, which was created as the oversight body between the Commission and industry during the time of the now-failed public-private partnership (PPP), will remain in an assistant role to the Commission. Karamitsos detailed, later confirmed by GSA's Pedro Pedreira, that GSA will also have responsibility for the preparation of future markets and applications. It is not yet clear who will have ultimate control over the day to day functioning of the satellites, and that decision will be made closer to 2013. Karamitsos explained that while the overarching governance decisions are complete, there are still several details to be worked out, specifically issues related to the handover of the project from ESA to the Commission, and it will take until April or May 2008 before ESA will be able to make the calls for tender.

Future Galileo Cooperation with U.S.

15. (SBU) During the meetings, European officials all stressed the need for continued close cooperation with the U.S. Specifically, Director Karamitsos stated that we need to publicize the strong cooperation between the EU and the U.S., and he suggested that a joint outreach event be organized. With an eye towards the evolving relationship, during the meeting with Director Karamitsos, it was requested that there be further discussion about expanding the scope of some of the Working Groups under the GPS-Galileo Agreement. Under WG-A, Jeremie Godet opined that while the current mandate did not include discussion of how to approach 3rd parties, it may be worthwhile to investigate expanding the mandate. (Comment: The aim of this discussion very clearly was to find a venue by which the Commission could discuss with the U.S. the issue of China and Chinese frequencies on the Compass SatNav system. The Commission is very concerned about frequency overlap with Compass, particularly as it pertains to Galileo's secure PRS signal. Karamitsos and Godet both expressed appreciation at U.S. efforts during international meetings such as the ITU, but explained that they believed bilateral pressure will work best in getting China to cooperate. End comment.)

16. (SBU) Responding to the Commission questions about Working Groups, Director Hodgkins expressed a need to ensure that the Working Groups stay within their general themes, and that it may be worth having periodic higher level meetings to discuss the status and undertakings of each of the Working Groups to determine if changes are needed.

17. (SBU) Jeremie Godet, while expressing that the EU needs

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to keep a special relationship with the U.S., explained that the Commission believes the U.S. will be the first non-European partner to cooperate on the encrypted Public Regulated Service (PRS) signal. However, he was unable to provide any concrete examples at this time, given that there are still internal discussions on exactly how the EU will use PRS. The general concept as of now is that PRS will be used by the EU primarily in civil applications with some security missions such as peacekeeping and border control. (Comment: See BRUSSELS 003421 for further information on individual member state plans for the PRS signal. End comment.)

Galileo Cooperation with China

18. (SBU) Officials at both the Commission and GSA went into detail as to the current state of the Galileo relationship with China. Both Jeremie Godet and Eero Ailio of the Commission explained that now that the control of Galileo is firmly with the Commission, China's access to the programmatics and technical information will be strongly limited. Ailio explained that the Commission needs to develop a "watertight system" for technology control, to include possibly new export controls to ensure non-proliferation to China. Godet explained that ESA created a problem in the past, specifically with the sale of Swiss clocks used on Galileo to China. The entire transaction occurred completely within the framework of ESA, which has special exemptions related to exports, and which would not have transpired under the EU. Ailio expects that special contractual rules will be included in the calls for tenders to limit the possibility of technology transfer so that the Swiss clock case is not repeated. GSA Director Pedreira expanded upon that, explaining that China's cooperation forward will be limited to support in the management of Galileo applications to be used in China, and that no technical staff will be working on the project and no staff of any type will be working in Brussels. Pedreira reiterated that the EU needs to adapt export control to Galileo to limit technology transfer and information exchange. (Comment: Commission representatives have implied in several conversations that now that China is a true competitor with its Compass system, it is not in the best interests of the EU to assist China in SatNav development. End comment.)

2008 Space Policy Dialogue

19. (SBU) Paul Weissenberg, Director-Coordinator for the Aerospace, Defense, and Security Industry, used the meeting to focus primarily on the upcoming 2008 U.S.-EU Space Policy Dialogue, particularly the opportunities for further cooperation. He expressed that while the U.S. and the EU have a good history of working together, many of the

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issues facing us now are global in nature, and the we should work together to tackle these global issues. Prime among them include protection of space infrastructure from space weather and space debris or ionospheric interference for GNSS. (Comment: These topics currently are what the Commission is referring to when using the term "security" as it applies to space issues. Security will be

placed on the agenda for the Space Dialogue, but only in a context that allows for further discussion to identify specific issues with joint interest. At this time, the Commission is very hesitant to discuss purely military issues but has given indications that this is a topic into which the discussion can be expanded in the future.

End Comment.) Both Weissenberg and Andras Roboz, Head of Unit for Space Policy and Coordination, were very appreciative of U.S. interest to discuss guidelines for behavior in space and space situational awareness cooperation.

110. (SBU) Director Hodgkins advised that the U.S. submitted to the Portuguese Presidency comments on the EU's Draft Code of Conduct for Space Activities (See STATE 157671 for U.S. comments). (Comment: Director Weissenberg requested a copy of the U.S. comments, which were delivered by USEU shortly after the meeting. End comment.) He also expressed support for the EU initiative and that the U.S. was in a position to cooperate and discuss the EU's ideas. Additionally, he explained that the U.S. would like to discuss the possibilities of cooperation on space situational awareness, which will be placed on the agenda of the Space Dialogue in order to determine specific issues of joint interest. Finally, Director Hodgkins requested further information on changes to the competency with respect to space outlined in the Lisbon Treaty, which will be covered in further detail during the Space Dialogue.

MURRAY

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